

## Message Text

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17

ACTION FBOE-00

INFO OCT-01 EA-09 ISO-00 /010 W  
----- 040516

R 040713Z FEB 76  
FM AMCONSUL MELBOURNE  
TO SECSTATE WASHDC 3210  
INFO AMEMBASSY CANBERRA

UNCLAS MELBOURNE 0188

E O 11652 N A  
TAGS AFSP, ABLD, AS  
SUBJ: LEASE S-223-FBO-25 FOR MELBOURNE OFFICE SPACE.

REF A CANBERRA 0801 B STATE OM JANUARY 22, 1976 C 6 FAM 721.3A(6)

1. IN ACCORDANCE REF C CONGEN REQUESTS DEPT  
PERMISSION TO RENEW LEASE WHICH EXPIRES FEBRUARY 29, 1976.  
SUBJECT LEASE ENTERED INTO ON APRIL 13, 1971;  
THREE SUPPLEMENTAL LEASES FOR ADDITIONAL SPACE  
ENTERED INTO SUBSEQUENTLY, ALL TERMINATING ON SAME  
DATE (2/29/76).

2. UNDER TERMS OF ORIGINAL LEASE, OPTION TO RENEW  
TO BE EFFECTED NOT LATER THAN 180 DAYS PRIOR  
TERMINATION OF LEASE OR AUGUST 29, 1975. PURSUANT  
FOREGOING, BY LETTER DATED JUNE 17, 1975, CONGEN  
NOTIFIED LESSOR, AUSTRALIAN MUTUAL PROVIDENT SOCIETY,  
OF INTENTION TO RENEW LEASE FOR FIVE (5) YEAR PERIOD;  
RECEIPT OF SAME WAS ACKNOWLEDGED BY LESSOR BY LETTER  
DATED JUNE 18, 1975.

3. LEASE DOCUMENTS (ORIGINAL LEASE AND THREE  
SUPPLEMENTS) TOTALLED YEARLY RENT OF A DOLS  
60570. BY LETTER DATED DECEMBER 12, 1975,  
LESSOR NOTIFIED CONGEN NEW RENTAL FOR NEXT FIVE  
YEAR TERM (1976-1981) WOULD BE A DOLS 84916 PER  
ANNUM INCLUDING CAR PARKS. COPY THIS LETTER SENT  
TO CANBERRA DECEMBER 23, 1975, AS CANBERRA B AND F  
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PAYS LESSOR DIRECTLY WITHOUT REFERENCE TO CONGEN

MELBOURNE. CONGEN HAS THEREFORE NOT REPLIED TO LETTER NOR INFORMED DEPT. NEW LEASE DOCUMENT NOT YET RECEIVED BUT LESSOR HAS PROMISED DELIVERY ASAP.

4. SINCE LAST SUPPLEMENT OF LEASE ON OCTOBER 2, 1975, CONGEN OCCUPIES ENTIRE TOP TWO FLOORS (8TH AND 9TH) OF BUILDING, TOTAL OF 13,600 SQ FT. (INCLUDING APROX 710 SQ FT FOR TWO ELEVATOR LOBBIES). ON BASIS TOTAL OFFICE FLOOR SPACE 13600 OLD ANNUAL RENT WAS A DOLS 3.97/SQ FT AND NEW ANNUAL RENT WILL BE 5.76/SQ FT.

5. LOOKED AT IN TIME FRAME 1971 (ORIGINAL LEASE) - 1981 (EXPIRY OF NEW LEASE) RENT INCREASE PER YEAR COMES TO AVERAGE OF 4.5 PER CENT PER YEAR. INFLATION IN AUSTRALIA, ACCORDING TO CONSUMER PRICE INDEX, HAS AVERAGED 9.88 PER CENT PER YEAR IN PERIOD JUNE 71-JUNE 75; IT WAS 16.4 PER CENT IN FY 75 AND IS FORECAST TO HIT 13 PER CENT FOR CURRENT FY. THUS AVERAGE RENT INCREASE IS LESS THAN HALF OF INFLATION RATE TO DATE.

6. RELIABLE LOCAL EXPERT (EXECUTIVE OF MAJOR MELBOURNE REAL ESTATE COMPANY) ADVISES US RENT AS HIGH AS A DOLS 7.50/SQ FT COULD HAVE BEEN EXPECTED FOR THIS LOCATION AND THAT 5.76 IS REASONABLE AT CURRENT RATES, PARTICULARLY FOR 5 YEAR LEASE AT FIXED RENT. FOR EXAMPLE, FORD CREDIT AUSTRALIA LIMITED, OCCUPYING WHOLE THIRD FLOOR THIS BUILDING, IS NOW PAYING APPROX A DOLS 5.80/SQ FT AND ONLY HAS THREE YEAR LEASE EXPIRING 1977.

7. CONGEN HAS RELATIVELY VERY LARGE COSTS IN PRESENT SET UP (CLASSIFIED C AND R VAULT, SECURITY WALLS AND DOORS, PARTITIONS, ETC) WHICH WOULD BE LOST AND WOULD HAVE TO BE REINCURRED IN EVENT LEASE NOT RENEWED THESE PREMISES.

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8. CONGEN REQUESTS PERMISSION TO RENEW LEASE WITH TOTAL ANNUAL RENTAL COSTS FOR NEXT FIVE YEARS OF A DOLS 84916. THIS AMOUNT INCLUDES CAR PARK, CLEANING, RATES AND TAXES AS PROVIDED FOR IN ORIGINAL LEASE.  
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